Janet D. Smith
Associate General Counsel

No 0000009

August 30 1990

Via Federal Express

Mr. John Kelley, Acting Chief
Remedial and Enforcement Response Branch Chief
U.S. Environmental Protection Agency
Region V
230 South Dearborn
Chicago, Illinois 60604

Re: NL/Taracorp Superfund Site
Granite City, Illinois

Dear Mr. Kelley:

NL Industries Inc. ("NL") hereby tenders a good faith offer regarding the NL/Taracorp Superfund site in Granite City, Illinois, which is more specifically described herein. This offer is in accordance with the U.S. Environmental Protection Agency's ("U.S. EPA") Interim Guidance on Notice Letters, Negotiation and Information Exchange dated February 23, 1988. This offer should not be construed as an admission of liability or waiver of any right or defense either company may have with respect to any present or future alleged liability for conditions at or near the NL/Taracorp Superfund site. Moreover, it is without prejudice to the assertion that all or a portion of the alleged liability in question may be attributable to other parties.

We are available to meet with you at your earliest convenience to commence negotiations regarding our good faith offer, and we further believe that an early meeting would be constructive in explaining the basis of the offer.

In conjunction with the offer we tender the following documents:

1. A detailed statement of work identifying how the PRPs plan to proceed with the work.

2. A statement identifying the protocol for selection of a consultant for the work.

3. Comments on the U.S. EPA's Record of Decision and the Scope of Work.

NL Industries, Inc.
Office of General Counsel
445 Park Avenue, New York, New York 10022 Tel. (212) 421-7200/7204
Telecopier (212) 421-7209

4. A paragraph-by-paragraph response to U.S. EPA's draft consent decree, including the provisions pertaining to reimbursement of U.S. EPA for past response, oversight and administrative costs, and release from liability and reopeners to liability. New language is underscored; omitted language has been replaced by brackets [ ].

5. The Annual Report of NL documenting the company's financial ability to perform the work.

At the threshold, we think the 500 parts per million cleanup level for lead-in-soil in residential areas set forth in the Record of Decision ("ROD") is overly protective and unwarranted by U.S. EPA policy. Nevertheless, we offer a means by which the Agency can move ahead on matters as to which there is no dispute by conducting further analysis to ascertain the appropriate remedy for the site. Such analysis would include a blood lead study and further soil sampling, and would focus on collecting the best scientific facts to define the remedy. In addition, we are prepared to carry out those portions of the ROD that are consistent with this proposal, such as the location of additional buried battery case materials in neighboring communities, the design of a cap for the Taracorp pile, and other elements as set forth in the enclosed scope of work. Finally, subject to an allocation, we express willingness to commit to a remedial design/remedial action program based upon the outcome of the further studies.

We believe the offer set forth herein fulfills the requirements of the statute, provides the necessary investigations to insure protection of human health and the environment, is in accordance with sound engineering practices, and is the most cost effective means by which to proceed. Please contact me at your earliest convenience to discuss the offer

Very truly yours,

Janet D. Smith

JDS:ml

Enc.

ABOUT THE COMPANY

NL Industries, Inc. (NL) is the world's fourth largest producer of titanium dioxide pigments. These pigments provide whiteness, brightness and opacity to a wide variety of important products which include paints, plastics, paper, fibers and ceramics. NL also produces specialty chemicals and is the world's largest manufacturer of rheological additives for solvent based systems. These additives are used to control the flow and leveling properties of paints, grease, inks, caulks, sealants, adhesives and cosmetics. NL conducts its titanium dioxide pigments operations through its wholly owned subsidiary, Kronos, Inc. Upon completion of its internal restructuring, NL's specialty chemicals operations will be conducted through its wholly owned subsidiary, Rheox, Inc.

NL, headquartered in Houston, Texas, currently has over 3,450 employees involved in research, sales and production in eight countries throughout the world. The Company strives to be a good corporate citizen and maintain good labor relations with its employees in every country in which it operates. It is these good labor relations and our employees' commitment to excellence that helps the Company enhance shareholder value, achieve its environmental objectives, and provide its customers with the best products available.

The Company's common stock is listed on the New York and Pacific Stock Exchanges and trades under the symbol "NL."

ABOUT THIS REPORT

NL Industries continues to strive to improve the quality of financial communications to its shareholders. This annual report provides an overview of the Company's products, financial condition and results of operations in a summary format. For additional information required to be furnished to shareholders annually in accordance with the rules of the Securities and Exchange Commission (including audited consolidated financial statements and related notes containing information concerning litigation and other contingencies to which the Company is subject), please refer to the appendix to the Company's proxy statement which accompanied the mailing of this annual report. NL's products are used worldwide to make inks brighter and paper whiter, in fact, this annual report is printed on paper containing titanium dioxide pigments.

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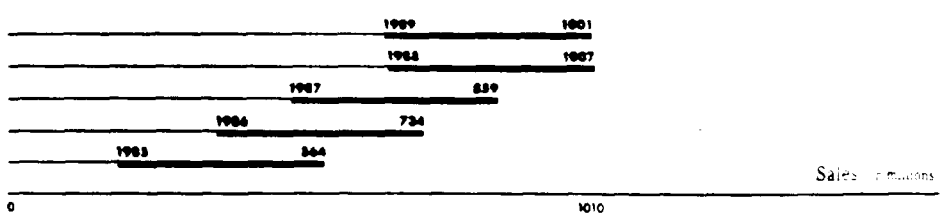
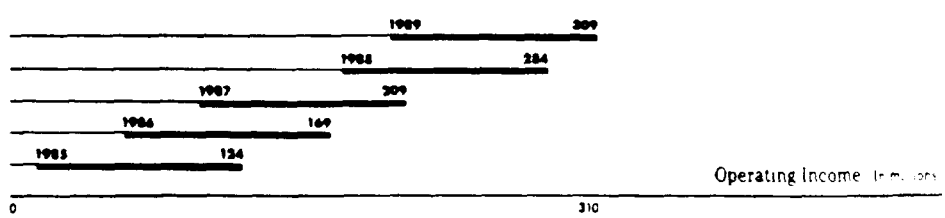
FINANCIAL HIGHLIGHTS

(In millions, except per share data)

	1989	1988
Net sales	$1,009.9	$1,007.0
Operating income	308.6	284.1
Income before income taxes	278.1	261.1
Income from continuing operations	170.3	134.2
Net income	172.9	163.0
Capital expenditures	83.4	70.6
Cash and cash equivalents	165.6	138.4
Marketable equity securities:		
Current	101.0	—
Noncurrent	449.0	—
Total assets	1,512.3	841.4
Notes payable and current maturities of long-term debt	465.9	19.5
Long-term debt	383.9	183.3
Series A preferred stock	5.0	10.0
Common shareholders' equity	132.3	145.4
Income per common share:		
Continuing operations	$ 2.57	$ 2.02
Discontinued operations	—	.32
Extraordinary items	.04	.11
Net income	$ 2.61	$ 2.45
Weighted average common shares outstanding	66.0	65.9





We have just concluded an exciting year at NL Industries. During 1989 we increased our income from continuing operations 27 percent; we began production at our new chloride process titanium dioxide pigments plant in Langerbrugge, Belgium; we began construction of our new titanium dioxide pigments plant in Lake Charles, Louisiana; we continued to successfully implement our environmental initiative worldwide; we restructured our international chemicals operations; and we purchased substantial holdings in Georgia Gulf Corporation and Lockheed Corporation.

The Company reported income from continuing operations of $170.3 million for 1989 on sales of $1,000.9 million which was an increase of 27% from the $134.2 million in income from continuing operations reported for 1988 on record sales of $1,007.0 million. Most of these 1989 earnings were contributed by the titanium dioxide pigments business segment due to a strong worldwide demand that kept customers' inventories below normal levels and supported prices.

We are optimistic about the outlook for titanium dioxide pigments for the 1990s. Demand is expected to continue to grow at a healthy but slower pace than it did during the 1980s. In our opinion, this means that additional capacity will be required to meet demand and that prices should remain firm in our major markets.

In July 1989, we began construction of our new titanium dioxide pigments plant in Lake Charles, Louisiana. This plant will add 80,000 metric tons of titanium dioxide pigments production to our present worldwide capacity of 320,000 metric tons. When this plant becomes operational in late 1991, NL Industries will begin the production of titanium dioxide pigments in the United States for the first time since 1982.

The Company began an internal restructuring in 1989, which is expected to be completed in mid-1990, to better meet the challenges of diverse customers in myriad geographic markets. Two companies, Kronos, Inc., and Rheox, Inc., will operate respectively the titanium dioxide pigments business and the specialty chemicals business of the Company. This approach will allow each company to better direct its efforts towards new product development and marketing for its specific customers.

In 1989, we also completed an organizational restructuring of our European and Canadian operations through the establishment of Kronos International, Inc., based in Leverkusen, West Germany. This change in organization better positions NL to pursue further expansion opportunities for our titanium dioxide pigments business in other parts of the world. It also enables us to pursue more effectively other business opportunities with a view to enhancing shareholder value.

The guiding principle of our management team is return on investment. We look first at our basic businesses to see if they present opportunities for significant returns. This approach led us, for example, to invest $133 million in Canada and Belgium to build new chloride process titanium dioxide pigments facilities and to commit $250 million in capital to build a new chloride process plant in the United States. Likewise, we sold our Spencer Kellogg specialty resins business for $86 million because the returns achievable through operations did not warrant a continued investment. The Company realized a pre-tax gain of approximately $25 million on the disposition.

We also consider investments outside our basic businesses when, in our view, opportunities for greater returns arise. Thus, for example, this year we acquired a 9.9% stake in Georgia Gulf Corpora-

Harold C. Simmons

tion for $90 million and an ownership position of 18.9% in Lockheed Corporation for $537 million. Georgia Gulf is a commodity chemical producer based in Atlanta, Georgia. NL acquired its Georgia Gulf shares at an average cost of $39 per share. We concluded in January that we would like to acquire all of Georgia Gulf, if we could do so at a price of $45 per share, and we made a tender offer for that purpose. Management of Georgia Gulf recently proposed a revised recapitalization plan that appears to offer more than $45 per share in value to Georgia Gulf's stockholders. Since we did not think it desirable to raise our price, we let our tender offer expire and now expect to support the revised recapitalization plan. If we realize $45 per share in value, we should recognize a pre-tax gain of more than $14 million on this investment.

NL and Kronos acquired an 18.9% interest in Lockheed based upon its underlying strengths. Over the past year, however, several developments caused us to become concerned about Lockheed's performance.

- Lockheed announced two huge write-offs, totalling $465 million, on important defense contracts.
- Lockheed's reorganization plan, announced in April 1989, was a failure in our view.
- From August 30, 1989, to February 14, 1990, Lockheed's stock price dropped from $54¼ to 33⅜—a decline in aggregate market value of over $1.3 billion.
- Further examination of Lockheed's financial reports reveals what in our judgement is a lack of focus on return on investment and a poor track record in diversification efforts.
- Several Lockheed actions, like formation of a leveraged ESOP and opposition to shareholder rights initiatives, we believe have shown a disregard for shareholder values and rights.

NL had an unrealized loss of $69 million on its Lockheed common stock as of year end, and an additional $36 million at recent prices. To address our concerns with Lockheed's direction we asked for representation on Lockheed's Board of Directors. Lockheed refused to give us any seats. To obtain representation on Lockheed's Board and to press for several shareholder rights initiatives being considered, we assembled a slate of directors to run in opposition to Lockheed's nominees at Lockheed's annual meeting on March 29, 1990. At the time of this writing, the results of the election are not available. Regardless of the outcome of the election, we intend to monitor our interest in Lockheed carefully.

We would like to take this opportunity to welcome Lawrence A. Wigdor to our management team as president and chief executive officer of Kronos and chairman and chief executive officer of Rheox. Larry has over 25 years experience in the international coatings, chemicals and plastics industries and replaces Fred W. Montanari who has retired after 21 years of service. Michael J. Kenny, a 20 year NL veteran, was named president and chief operating officer of Rheox.

We enter the 1990's with much enthusiasm. The markets for our products are global, and we firmly believe that we have the personnel, manufacturing capability and financial strength to increase our market share while developing new, higher quality products.

Harold Simmons

Harold C. Simmons
Chairman

J. Landis Martin

J. Landis Martin
President and Chief Executive Officer

April 4, 1990

J. Landis Martin

The Company is committed to manufacturing titanium dioxide pigments and rheological additives through production methods and processes that minimize waste yield and help protect our environment. NL Industries is implementing these objectives worldwide through an effort known as the Kronos Environmental Initiative.

This initiative has made NL's plants safer for the environment, the health and safety of our employees, our neighbors, and those who use our products; and it has enhanced NL's competitive position.

The greatest share of NL Industries' operating business (90%) is the production and marketing of titanium dioxide pigments. The general economic outlook for titanium dioxide pigments has been improving since the late 1970s, and several manufacturers have allocated funds principally to expand their production capacities. NL has both improved its production processes to more environmentally compatible methods and expanded capacity.

We believe NL is now a leader in the area of environmental improvements, and soon other titanium dioxide pigments manufacturers may have to invest to meet the environmental standards being set worldwide. Some nations' laws, which require conversion to more environmentally acceptable processes, went into effect in 1989 and other countries have mandated compliance by 1993.

In our view, enforcement of these deadlines will improve NL's competitive situation. NL has nearly concluded its conversion strategies and can concentrate on further development of improved products and the continual upgrading of our processes.

Manufacturing Process

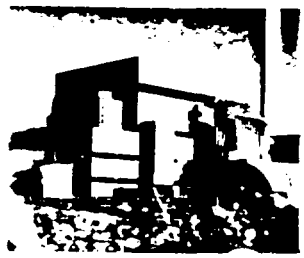
The raw materials used to produce titanium dioxide pigments are ilmenite, upgraded ilmenite (slag), and rutile. The differing chemical composition of these minerals dictates the processing and manufacturing methods used. Rutile is used exclusively in the chloride process. Ilmenite and slag may be used in the chloride and sulfate processes.

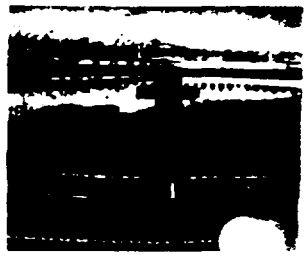
Upgrading the Processes

The Kronos Environmental Initiative began in 1983 with the publication of our goals and objectives, but it traces its origin back to 1948 when experiments and research began aimed at upgrading the sulfate process to reduce discharge of waste acid into the sea or other bodies of water.

Several of these early efforts were partially successful while others proved to be blind alleys. However, this initial research was followed by work directed at finding more environmentally compatible processing methods for the manufacture of titanium dioxide pigments. Eventually, the chloride process, which utilizes slag or rutile, emerged as the one with the greatest possibilities for success in commercial production.

In 1966, construction of a prototype plant to manufacture titanium dioxide pigments using the chloride process began in Leverkusen, West Germany. This plant was successful and was followed by the construction of a major chloride process facility there.





The capacity of this plant more than doubled between 1983 and 1985.

The technology developed during the 1980s, much of it proprietary, substantially reduces waste disposal problems. The chloride process is based on a recycling system which has relatively little effect upon the environment. The waste acid from the sulfate process is either recycled for use in the manufacturing process or converted into gypsum for use in landfills.

All of NL's European plants now use either the sulfate process, together with reprocessing or neutralization of waste acid, or the low waste yielding chloride process. A new plant under construction in Lake Charles, Louisiana, expected to be operational late in 1991, is designed to operate exclusively with the chloride process. A facility constructed in 1987 in Varennes, Quebec, Canada, utilizes both the chloride process and the advanced sulfate technology.

Waste Acid Disposal

A pilot plant for recovering waste acid from sulfate production was constructed in Leverkusen in 1982. Field experience and laboratory research accumulated here became the basis for the design of a waste acid concentration facility at Nordenham, West Germany.

Some beneficial by-products have been developed as part of NL's initiative to solve the problem of spent acid disposal. In the sulfate process, a by-product separates as crystalline copperas. This material was once discarded as worthless, but research discovered it has an important use as a water treatment chemical for clarifying waste water and regenerating natural bodies of water.

When copperas is added during sewage treatment, it reacts with such chemicals as dissolved laundry detergents and industrial wastes, transforming them into insoluble particles which can then be more easily extracted with straightforward filtration and sludge sedimentation methods. Also, copperas can be used to reduce algae growth in freshwater lakes by reacting chemically with dissolved phosphates.

Another benefit of a titanium dioxide by-product emerged at the Fredrikstad, Norway, plant. The waste acid produced by the sulfate process is neutralized and then disposed of in a unique manner. At the southern end of the beautiful Oslofjord is Langoya Island, which is composed of limestone. For years, the limestone was mined leaving unsightly craters. The waste acid from our Fredrikstad plant now is converted into gypsum and used to fill the craters. When the island is completely restored, it could be used for commercial or recreational purposes.

The appendix to the Company's proxy statement, mailed with this report, contains additional information about environmental regulatory matters and litigation to which the Company is a party. These matters relate principally to businesses in which the Company is no longer engaged.

The waste acid concentration facility at Nordenham, West Germany.

Copperas, a bi-product of the sulfate process, is an important water treatment chemical.

An island in the Oslofjord is being restored by using waste acid that has been converted into gypsum.

A

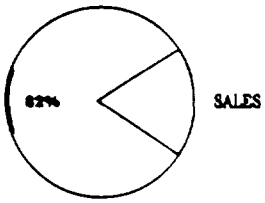
s part of the Company's internal restructuring, NL Chemicals, Inc. was renamed Kronos, Inc. and operates the Company's titanium dioxide pigments business. This reorganization will allow management to focus on and better align this portion of our chemicals business to meet our customers' growing needs in various geographic markets.

Kronos had a very successful year in many markets. It is currently the world's fourth largest producer of titanium dioxide pigments with annual production of 320,000 metric tons. In September, 1989, at Langerburgge, Belgium, a new 40,000 metric ton capacity plant went from completion of construction to rated production capacity in less than a year due largely to the strong performance of its employees. This replaced 40,000 metric tons of sulfate capacity and put Kronos in compliance with the new environmental requirements of the European Community. Construction began on a new plant in Lake Charles, Louisiana, which will increase the Company's capacity by another 80,000 metric tons when it begins operations in late 1991.

Titanium dioxide pigments are some of the most important pigments in the world. These pigments play a significant role in the manufacture of plastics, paper, paint, ceramics, textiles, and many other products. They are utilized in myriad applications throughout consumer households. Kronos currently produces about 11 percent of the titanium dioxide pigments consumed throughout the world.

Future titanium dioxide pigments growth is likely to be slower than the five percent annual rate experienced during the last five years, when demand soared due to worldwide economic growth. In general, growth rates in North America and Western Europe are expected to return to historical levels which approximate GNP growth. Growth rates are expected to remain strong in most export regions with the Far East, in particular, growing approxi-

Titanium Dioxide Pigments As a Percent of Total NL Operations (In millions)



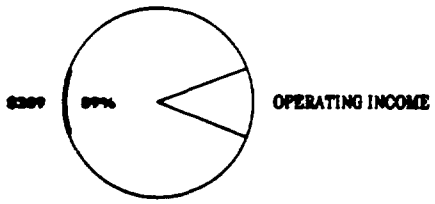
mately four percent annually.

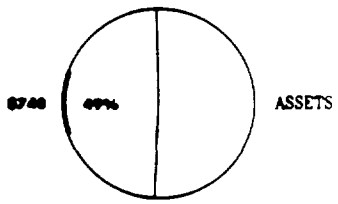
In late 1989, titanium dioxide pigments supply/demand became more balanced and as a result inventories increased from their critically low levels.

Demand for titanium dioxide pigments is driven by demand in the end-use markets, such as paint, paper and plastics, which are generally considered "quality-of-life" markets. As such, their demand is influenced by the relative economic well-being of the region served. For example, white plastic trays suitable for microwave cooking are rapidly replacing metal foil for frozen foods, brightly painted automobiles are fashionable, interiors and exteriors of houses are being painted in lighter tones, and the high-tech, personal computer industry has created a market for light-colored plastic housings.

Demand for pigments is worldwide with North America being the leading consumer closely followed by Western Europe. The United States, in particular, uses about one-third of the three million tons produced annually due to the larger use of more high quality coated paper and magazine stock in North America than in most other regions of the world. These products require considerable amounts of titanium dioxide pigments to increase the opacity of paper and to brighten inks. Kronos intends to supply this market more effectively from a new $250 million plant under construction in Lake Charles, Louisiana. This is the first new titanium dioxide pigments plant to be built in the United States since 1978.

With steady growth of demand, we believe customers will be increasingly conscious of quality. We expect that this will favor Kronos because the funds spent on developing better production processes and new post-treatment technology will lead to further improvement in the high quality titanium dioxide pigments it now makes available to consumers.





Appliances

Housewares

Textiles

Paint Industry

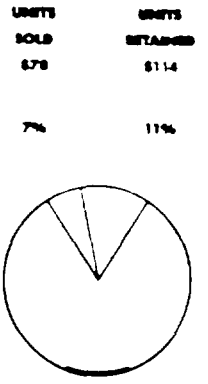
Pulp & Paper Industries

Plastics Industry

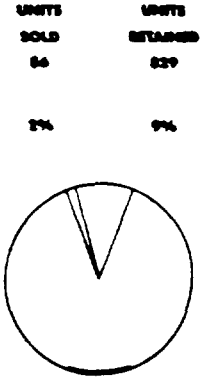
Ceramics

Computer Industry

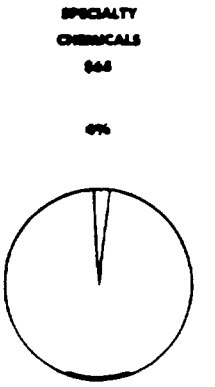
Titanium dioxide pigments are used in myriad industries and many everyday products.



SALES



OPERATING INCOME



ASSETS

he Company's rheological additives business, operating as Rheox, is the world's largest manufacturer of rheological additives for solvent-based systems and is a significant producer of water-based systems. These products provide flow control for fluids ranging from nail polishes to industrial coatings. Rheox also provides lead/chromate-free anti-corrosive pigments.

The Company is implementing an internal restructuring, expected to be completed in mid-1990, which will result in its domestic and international specialty chemicals operations being conducted through Rheox, Inc., a wholly owned subsidiary.

Rheox was formed in 1989 to better focus resources on improving performance in the global rheological additive market. Separate functional groups, with increased marketing and technical focus, were organized as an integral part of the establishment of Rheox, Inc.

Rheox's sales, for comparable units, of $114.1 million in 1989 declined two percent from its record breaking 1988 level. Rheox maintained its approximate 45 percent share of the worldwide rheological additives market for solvent based systems. Softer U.S. demand for rheological additives was offset by stronger international demand. Manufacturing capacity was increased by 50 percent in the United Kingdom facility to meet this demand overseas. Growth was substantial in the water-based market, and we believe this market will grow significantly in coming years. RHEOLATE brand associative thickeners for water-based systems have demonstrated advantages in coating formulations to competitive rheological modifiers.

Maintaining Rheox's leadership in the rheological additives marketplace is a key objective for the next decade. We plan to introduce a diverse array of new products for the conventional solvent-based and water-based markets, and offer other products in market sectors where Rheox has not previously participated. A cornerstone to our anticipated growth will be strengthened emphasis on the RHEOLATE brand associative thickeners. We believe Rheox's water-based rheological additives technology and its dedicated technical and marketing groups should enable the Company to increase its market share in coming years. The water-based rheological additive market is slightly larger in volume than the solvent-based market sector and is growing more rapidly. Strengthening Rheox's activities outside its major markets in North America and Europe is a key component of future growth.

Specialty Chemicals As a Percent of Total NL Operations (In millions)

Rheological additives provide flow control for a wide variety of products.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

Years ended December 31, 1989, 1988 and 1987
(In thousands, except per share data)

	1989	1988*	1987*
Net sales:			
Titanium dioxide pigments	$ 816,874	$ 785,460	$653,650
Specialty chemicals:			
Comparable units	114,085	115,890	102,657
Units sold	69,924	105,686	102,960
	$1,000,883	$1,007,036	$859,267
Operating income:			
Titanium dioxide pigments	$ 289,349	$ 252,569	$176,907
Specialty chemicals:			
Comparable units	28,563	34,274	28,806
Units sold	6,226	4,437	9,195
Chemicals group expense, excluding general corporate items	(15,588)	(7,189)	(5,656)
	308,550	284,091	209,252
Disposition of business units	33,523	—	—
General corporate expense, net	(17,551)	(1,233)	(6,969)
Interest expense	(46,433)	(21,751)	(14,854)
	278,089	261,107	187,429
Provision for income taxes	(106,439)	(125,269)	(98,343)
Minority interest	(1,376)	(1,602)	(1,220)
Income from continuing operations	170,274	134,236	87,866
Discontinued operations	—	21,517	(107,779)
Extraordinary items	2,620	7,220	—
Net income (loss)	$ 172,894	$ 162,973	$(19,913)
Income (loss) per common share:			
Continuing operations	$ 2.57	$ 2.02	$ 1.31
Discontinued operations	—	.32	(1.64)
Extraordinary items	.04	.11	—
Net income (loss)	$ 2.61	$ 2.45	$ (.33)
Weighted average common shares outstanding	66,017	65,879	65,861

*Reflects the restructuring

CONDENSED CONSOLIDATED BALANCE SHEETS

December 31, 1989 and 1988
(In thousands)

	1989	1988
Current assets	$ 586,178	$398,960
Other assets	545,672	98,375
Property and equipment	380,465	344,020
	$1,512,315	$841,355
Current liabilities	$ 647,010	$278,459
Noncurrent liabilities	726,425	406,351
Minority interest	1,570	1,206
Series A preferred stock	5,000	10,000
Common shareholders' equity	132,310	145,365
	$1,512,315	$841,355
Common shares outstanding	66,061	65,972

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of NL Industries, Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of NL Industries, Inc. as of December 31, 1989 and 1988, and the related consolidated statements of income (loss), cash flows and Series A preferred stock, Series C preferred stock and common shareholders' equity for each of the three years in the period ended December 31, 1989 appearing in Appendix A to the proxy statement for the 1990 annual meeting of shareholders of NL Industries, Inc. (not presented herein). In our report dated February 13, 1990, also appearing in that proxy statement, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly presented, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Houston, Texas
February 13, 1990

COOPERS & LYBRAND

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 1989, 1988 and 1987
(In thousands)

	1989	1988*	1987*
Cash flows from operating activities:			
Net income (loss)	$172,894	$162,373	$ (19,913)
Depreciation, depletion and amortization	26,458	32,511	23,936
Deferred income taxes	(9,764)	36,006	11,319
Changes in assets and liabilities	(35,917)	(11,709)	(16,541)
Other, net	(26,067)	(15,112)	149,516
Net cash provided by operating activities	127,604	204,069	148,317
Cash flows from investing activities:			
Capital expenditures	(83,386)	(70,624)	(73,318)
Securities purchases, net	(646,381)	—	—
Other, net	102,423	(465)	2,299
Net cash used by investing activities	(627,344)	(71,089)	(71,019)
Cash flows from financing activities:			
Borrowings, net	576,307	(38,634)	22,063
Dividends	(39,770)	(66,645)	(52,575)
Other	(5,850)	(8,758)	(4,803)
Net cash provided (used) by financing activities	530,687	(114,037)	(35,315)
Cash and cash equivalents:			
Net increase during the year	30,947	19,043	41,983
Net change due to currency translation	(3,676)	(9,526)	7,926
Balance at beginning of year	138,367	128,850	78,941
Balance at end of year	$165,638	$138,367	$ 128,850
Supplemental disclosures:			
Cash paid for:			
Interest, net of amount capitalized	$ 34,620	$ 17,463	$ 15,420
Income taxes	$113,602	$ 81,119	$ 85,834

*Excluding Baroid Corporation

CONDENSED CONSOLIDATED STATEMENTS OF SERIES A PREFERRED STOCK, SERIES C PREFERRED STOCK AND COMMON SHAREHOLDERS' EQUITY

Years ended December 31, 1989, 1988 and 1987
(In thousands)

	SERIES A PREFERRED STOCK	SERIES C PREFERRED STOCK	COMMON SHAREHOLDERS' EQUITY
Balance at December 31, 1986	$20,000	$ 68,011	$356,890
Net income (loss)	—	50,929	(70,842)
Dividends	—	(37,691)	(13,811)
Adjustment of Series C preferred stock	—	811,553	(811,553)
Currency translation adjustments, net	—	22,992	18,173
Redemption	(5,000)	—	—
Other, net	—	—	1,410
Balance at December 31, 1987	15,000	915,794	(519,733)
Net income	—	115,978	46,995
Dividends	—	(53,237)	(20,270)
Currency translation adjustments, net	—	(9,328)	(1,407)
Redemption	(5,000)	—	—
Plan of restructuring*	—	(969,050)	637,039
Other, net	—	(157)	2,741
Balance at December 31, 1988	10,000	—	145,365
Net income	—	—	172,894
Dividends	—	—	(30,599)
Currency translation adjustments, net	—	—	(86,980)
Redemption	5,000	—	—
Unrealized loss on marketable equity securities	—	—	(68,482)
Other, net	—	—	112
Balance at December 31, 1989	$ 5,000	$ —	$132,310

*The Depositary Receipts representing the Series C preferred stock were redeemed for common stock and Baroid Corporation was spun off

CORPORATE DIRECTORS, OFFICERS AND EXECUTIVES

BOARD OF DIRECTORS

J. Landis Martin
President and Chief Executive Officer

Kenneth R. Peak
Managing Director
Howard, Weil, Labouisse, Friedrichs, Inc
(Investment banking firm)

Glenn R. Simmons
Vice Chairman
Valhi, Inc
(Diversified holding company)

Harold C. Simmons
Chairman
NL Industries, Inc
and Valhi, Inc

John R. Sloan
President and Chief Executive Officer
The Thompson Company
(Private investment company)

Michael A. Snetzer
President
Valhi, Inc.

Admiral Elmo R. Zumwalt, Jr. (Retired)
Former Chief of U.S. Naval Operations

BOARD COMMITTEES

Audit Committee

Kenneth R. Peak
John R. Sloan

Management Development and Compensation Committee

Kenneth R. Peak
John R. Sloan
Admiral Elmo R. Zumwalt, Jr.

CORPORATE OFFICERS AND EXECUTIVES

Harold C. Simmons
Chairman

J. Landis Martin
President and Chief Executive Officer

Susan E. Alderton
Vice President and Treasurer
NL Industries, Inc
Kronos, Inc., and Rheox, Inc

Jean-Pierre DeVleeschouwer
Vice President, NL Industries, Inc
and Kronos, Inc

David B. Garten
Vice President, Secretary, and
General Counsel, NL Industries, Inc
and Kronos, Inc.

Dennis G. Newkirk
Vice President and Controller
NL Industries, Inc. and Kronos, Inc.

Kronos, Inc.

Dr. Lawrence A. Wigdor
President and Chief Executive Officer
Kronos, Inc., and
Chairman of the Board and
Chief Executive Officer,
Rheox, Inc.

William R. Bronner
Vice President and Secretary

Fred DeJong
Vice President, Sales and Marketing

Dr. Siegfried Hartmann
Vice President, Manufacturing

Edward J. Zadzora
Vice President, Human Resources

Rheox, Inc.

Michael J. Kenny
President and
Chief Operating Officer

Wilbert E. Blair
Vice President, Manufacturing

Michael A. DeSesa
Vice President, Technical

Paul A. Kopasko
Vice President

Thomas R. Richel
Vice President

Larry Weissman
Vice President, Marketing

Stock Symbol and Quotations

NL Industries, Inc. common stock is traded on the New York and Pacific Stock Exchanges under the "NL" symbol and its price is quoted in the daily stock tables carried by most newspapers under "NL Ind"

Annual Meeting

The annual meeting of NL Industries shareholders will be held at 1 p.m. (Central Time) on Thursday, August 28, 1997, at the Sheraton Crown Hotel in the Space Center, 15700 John F. Kennedy Blvd., Houston, Texas.

A proxy card and proxy statement were mailed to all shareholders of record along with this annual report. Proxy cards should be signed, dated and returned promptly to ensure that all shares are represented at the annual meeting and voted in accordance with the instruction of their owners. Shareholders are encouraged to attend the annual meeting.

Tax Reports on Dividend Income

NL Industries' dividend paying agent will report to the Internal Revenue Service (IRS) the total dividends paid to each shareholder during the preceding year. Form 1099, which contains the information supplied by the transfer agent to the IRS for each shareholder account, will be mailed to each shareholder after the end of each calendar year.

Transfer Agent

First Chicago Trust Company of New York acts as transfer agent, registrar, and dividend paying agent for the Company's stock and therefore maintains all shareholder records for the Company. All inquiries about accounts and other related matters should be directed there in writing or by telephone.

How to Make Inquiries

Telephone inquiries may be directed to First Chicago's "Telephone Response Center" at (212) 791-6422. The telephone service is available to all shareholders Monday through Friday between 9 a.m. and 5 p.m. (Eastern Time). Written inquiries may be made to First Chicago at P.O. Box 2981, Church Street Station, New York, New York 10008-2981. Shareholders must provide their tax identification number (or Social Security number), the name(s) in which their shares are registered, and the record address when requesting information.

Dividend Payments

Dividends are declared by the Board of Directors and, if declared, are paid quarterly to the shareholder of record on the "payable date" if he or she was listed as a NL Industries shareholder on the "record date." Quarterly dividends are mailed by the dividend paying agent on the payable date. Postal service to individual shareholders may cause actual receipt dates to vary.

Lost Certificates and Lost Checks

Dividend checks are often delayed or lost when a shareholder moves and does not notify the transfer agent. Address change should be made by supplying the transfer agent with the name(s) in which the shares are registered along with the old address and the new address.

To replace lost certificates, shareholders should contact the transfer agent who will supply the necessary forms and instruments.

Form 10-K, Proxy Statement Available

Shareholders may obtain copies of both the Company's Form 10-K and Proxy Statement, which include audited financial statements, without charge. Requests for this information should be addressed to NL Industries, Inc., Investor Relations Department, P.O. Box 60087, Houston, Texas 77205, or by telephone (713) 987-5186.

NL Industries, Inc.
P.O. Box 60087
Houston, Texas 77205

Scope of Work
Taracorp Superfund Site, Granite City, Illinois

I. Introduction

This document constitutes the Scope of Work for the "Good Faith Offer" outlined in EPA's "Interim Guidance on Notice Letters, Negotiations, and Information Exchange" for the Taracorp Superfund site in Granite City, Illinois.

II. Objectives

The overall goals of this Scope of Work are to:

1. establish the relationship between blood lead levels of residents in the study area and residential soil contamination;

2. develop a plan for a risk assessment for the site that is acceptable to the U.S. Environmental Protection Agency, and implement the plan, if deemed appropriate by the U.S. Environmental Protection Agency; and

3. define the appropriate criteria for soil cleanup at the site.

The information obtained from these studies will be used to establish the specific parameters of the Remedial Design/Remedial Action (RD/RA).

III. Contents of the Scope of Work

The Scope of Work consists of thirteen tasks. A performance schedule, with time estimates for each task, is attached. Overall project management will be provided by the Potentially Responsible Parties who have signed the Good Faith Offer. Progress reports will be submitted to EPA at the completion of each task. The following tasks will be performed:

1. **Conduct a demographic survey of the population of Granite City**

A household census will be conducted in the Granite City community to provide a sampling framework for a blood lead study. This census will be sufficiently detailed to allow selection of a representative sample of high-risk individuals from the Granite City population.

2. **Conduct a blood lead study of the Granite City population**

A study will be performed to determine the blood lead levels of a representative sample of all Granite City residents from 6 months to 6 years of age, and of all female residents who are either pregnant or nursing their babies. Measurements of the blood lead and FEP of each subject will be obtained. Soil samples will be collected from the yards of the study subjects' residences and analyzed for lead content.

3. **Inspect the homes of the study subjects to identify possible sources of lead exposure**

In conjunction with the blood lead study, the homes of the study subjects will be visually inspected. In addition, portable X-ray fluorescence (XRF) equipment will be used to determine the presence of lead in house paint.

4. **Determine the distribution of lead-bearing soils in Granite City**

Soil samples will be collected and analyzed for lead to allow estimation of the necessary depth and areal extent of excavation, and of the total volume of soils to be excavated. Where possible, sample collection in the residential areas of Granite City will be coordinated with the soil sampling portion of Task 2. A separate sampling protocol, to include testing for EP toxicity, will be developed for Area 1.

5. **As an extension of tasks 1 through 4 above, develop a plan for a risk assessment for the site that is acceptable to the U.S. Environmental Protection Agency, and implement the plan, if deemed appropriate by the U.S. Environmental Protection Agency**

A plan will be developed for assessing the potential risks to human health associated with lead in the soils of Granite City. The level and distribution of lead

in these soils will be determined in task 4. The impact of lead in soils on human health will be inferred from the results of tasks 1 through 3.

6. Develop a system for monitoring the deep groundwater

A plan for monitoring the quality of the deep groundwater will be developed and any necessary additional wells will be installed.

7. Inspect driveways and alleys in selected neighborhoods for battery casing materials

As noted in the Record of Decision, driveways and alleys in the communities of Venice and Eagle Park Acres will be inspected to identify areas of buried battery case materials supplied by the Taracorp smelter. Where case materials from the smelter are found, appropriate sampling and analysis will be conducted and, if necessary, a recommendation for treatment or disposal will be made.

8. Recycle the drums from the Taracorp pile

The contents of the drums will be recycled, if possible.

9. Consolidate the SLLR waste pile and the Taracorp pile

Consolidation of the SLLR waste pile with the Taracorp pile will be accomplished in the most environmentally sound manner.

10. Perform a treatability study of the battery casing material

The fact that the battery casing materials are mixed with soil and rock will complicate the selection of an appropriate treatment process. A treatability study for this material will be furnished.

11. Design a cap for the expanded Taracorp pile

This cap will be designed after the soil sampling has been performed, so that a reliable estimate of the total volume of material to be covered will be available. The cap will be designed to minimize the dispersion of particulate matter and

infiltration of water into the capped materials.

12. Develop environmental contingency plans for actions to be taken in the event that air or ground water is found to be contaminated by the site in the future

These contingency plans will outline the recommended remedial actions to be taken if future monitoring data indicate that ground water or air is being contaminated by releases from the Taracorp site. These plans will include protocols for evaluating future monitoring data to determine if an applicable standard has been exceeded. Specific actions for mitigating any future releases will be outlined and accompanied by an evaluation of the effectiveness of each action.

13. Develop a dust control plan for use during all remedial construction activities to mitigate the release of contaminated soils

This plan will outline precautionary measures to minimize fugitive dust emissions during excavation in the study area and the transfer of contaminated material and soils to the Taracorp Pile.

Schedule of Performance for the Scope of Work
Taracorp Superfund Site, Granite City, Illinois

Task 1: Demographic Study

a) study design (2 weeks)	Spring 1991
b) door-to-door survey (6 weeks)	May-June 1991
c) tabulation of data (4 weeks)	July 1991

Task 2: Blood Lead Study

a) subject selection (2 weeks)	July 1991
b) permission forms and sample collection (8 weeks)	Aug-Sept 1991
d) laboratory analyses (8 weeks)	Oct-Nov 1991
e) data interpretation (10 weeks)	Dec 1991-Feb 1992
f) report preparation (12 weeks)	Jan-March 1992

Task 3: Home Inspections for Blood Lead Study Subjects

to coincide with blood and surface soil sampling (8 weeks)	Aug-Sept 1991

Task 4: Determine the Distribution of Lead-Bearing Soils

a) sampling plan and protocols (8 weeks)	Spring 1991
b) permission forms, equipment purchase, training (4 weeks)	July 1991
c) sample acquisition (6 weeks)	Aug-Sept 1991
d) laboratory analysis (8 weeks)	Sept-Oct 1991
e) data analysis and report preparation (8 weeks)	Nov-Dec 1991

Task 5: Assess Potential Risks Associated with Lead in Soils

a) develop a plan to assess risk (4 weeks)	Fall 1990
b) implement the plan (8 weeks)	to be determined

Task 6: Develop a Groundwater Monitoring System

a) develop a plan after final design of the expanded waste pile (4 weeks)	Summer/Fall 1992
b) install additional deep wells (4 weeks)	Summer/Fall 1992

Task 7: Inspect Driveways and Alleys

a) visual inspection and sample collection (4 weeks)	Fall 1990
b) EP Toxicity analysis (4 weeks)	Fall 1990
c) report preparation (4 weeks)	Winter 1990

Task 8: Recycling of Drums from the Taracorp Pile Fall 1990

Task 9: Consolidation of the SLLR and Taracorp Piles

in conjunction with excavation of residential soils (4 weeks) Fall 1992

Task 10: Treatability Study of Battery Casing Material Fall 1990

Task 11: Design of a Cap for the Expanded Taracorp Pile

after determination of total volume of the expanded waste pile (6 weeks) Summer 1992

Protocol for Selection of Consultant for RD/RA
NL/Taracorp Superfund Site
Granite City, Illinois

1. Supervision of work by licensed professional engineer.

2. Assess general reputation with respect to supervision and performance of RD/RA work.

3. Recommendations of knowledgeable persons in the field.

4. Demonstrated work experience in Superfund area and/or at similar sites involving knowledge of all pertinent laws, regulations and guidance.

5. Demonstrated experience with U.S. EPA and/or Illinois EPA.

6. Selection of contractor through competitive bidding process.

7. Access to and use of laboratory certified and approved by U.S. EPA and state EPA.

8. Experience on RD/RA type projects.

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Task 12: Development of Environmental Contingency Plans

a) first drafts (6 weeks)	Fall 1990
b) revision for final site conditions (4 weeks)	Fall 1992

Task 13: Dust Control Plan

a) first draft (2 weeks)	Fall 1990
b) revision for final remediation plan (2 weeks)	Fall 1992

survey plat shall be submitted within 60 calendar days after completion of the expanded Taracorp pile. The survey plat must be prepared by a professional land surveyor. The survey plat must indicate, at a minimum, permanent benchmarks, all deed and use restrictions on the property and the location and dimension of the expanded Taracorp pile.

[3.] C. Sixty (60) calendar days after completion of the expanded Taracorp pile, and until such time as U.S. EPA determines that these restrictions are no longer necessary to protect human health and the environment, the Owner Settling Defendants shall restrict use and access to the Expanded Taracorp Pile, except for U.S. EPA, IEPA and Settling Defendants and/or either of their authorized representatives, as needed for purposes of conducting maintenance, inspection or evaluations of the Facility and any other actions necessary for this Order, in such a manner that:

i. there shall be no use or occupancy of the facility except for the purpose of implementing the remedial actions required by this Administrative Order. Prohibited uses include, but are not limited to, both commercial and recreational uses.

ii. there shall be no installation, construction or use of any buildings, wells, pipes, roads, ditches or any other structures at the facility except as

approved by the U.S. EPA as being consistent with this Consent Decree.

[4.] D. Taracorp, Inc. [and], Trust 454 and Tri-City Trucking, as the present owners of the Facility, shall record in accordance with State law a notation on the deed to the Facility property or on some other instrument which is normally examined during title search that will notify any potential purchaser of the property of the existence of this Order and the restrictions in 3 above. Taracorp, Inc. [and], Trust 454 and Tri-City Trucking shall also submit signed certifications that they have recorded the notation specified in this paragraph and a copy of the document in which the notation has been placed to the Remedial Project Manager (RPM) for U.S. EPA and the Project Manager (PM) for IEPA. The Owner Settling Defendants shall record the notation and submit a copy of it to the RPM and P" within sixty (60) calendar days after completion of the Expanded Taracorp Pile.

[5.] E. Sixty (60) calendar days before the start of any remedial construction activity, Settling Defendants shall obtain, and submit to U.S. EPA and IEPA, any additional easements, or other enforceable instruments allowing Settling Defendants use of any other property which is necessary for the implementation of [the] any remedial action required by this Consent Decree.

F. This Section V of the Decree requires execution by one or more Owner Settling Defendants to be enforceable.

VI. PERFORMANCE OF THE WORK BY SETTLING DEFENDANTS

[10] 11. Selection of Architect/Engineer and Contractor(s).

a. [Engineer. All remedial design] Contractor. All work to be performed by the Settling Defendants pursuant to this Consent Decree shall be under the direction and supervision of a qualified professional engineer selected in accordance with the Protocol agreed to by the parties contained in the SOW [engineer. Selection of any such engineer is subject to approval by U.S. EPA in consultation with the State.

b. Contractor. All remedial action work to be performed by the Settling Defendants pursuant to this Consent Decree shall be under the direction and supervision of a qualified professional engineer]. As soon as possible after entry of the Decree, and at least 30 days prior to the date upon which initiation of [remedial action] the work [is] required under this Decree, the Settling Defendants shall notify U.S. EPA and the State, in writing, of the name, title, and qualifications of the proposed engineer, and the names of principal contractors and subcontractors proposed to be used in carrying out the Work to be performed pursuant to this Consent Decree. Selection of any such engineer or contractor and/or subcontractor shall be

subject to approval by the U.S. EPA in consultation with the State.

c. Disapproval of Engineer or Contractor. If U.S. EPA disapproves of the initial or subsequent selection of an engineer or contractor, U.S. EPA shall notify Settling Defendants within fourteen (14) days and provide the reasons for such disapproval. Such approval shall not be unreasonably withheld. Settling Defendants shall submit a list of alternate engineers or contractors to U.S. EPA and the State within 30 days of receipt of the notice of disapproval. Within 14 days from receipt of the list U.S. EPA, in consultation with the State, shall provide written notice of the names of the engineers or contractors on the list of which it approves. Settling Defendants may select any approved architect, engineer or contractor from the list and shall notify U.S. EPA and the State of the name of the person or entity selected within 21 days of receipt of the list. If U.S. EPA does not approve or disapprove of any proposed architect, engineer, or contractor or any proposed list of alternate architects, engineers, or contractors within 14 days and the delay prevents Settling Defendants from meeting one or more deadlines in a plan approved by U.S. EPA pursuant to this decree, Settling Defendants may seek relief under the provisions of Section XIII hereof.

d. Replacement of Architect/Engineer or Contractor. If at any time Settling Defendants propose to

change an architect, engineer or contractor previously approved by U.S. EPA, they shall give written notice to U.S. EPA and the State of the name, title and qualifications of the proposed new architect, engineer or contractor. Such architect, engineer or contractor shall not perform any Work until approval by U.S. EPA, in consultation with the State, has been given. Such approval shall not be unreasonably withheld.

12. [11.] Scope of Work. Appendix [2] 1 to this Consent Decree provides a Scope of Work ("SOW") for the completion of remedial design and remedial action at the Facility. This Scope of Work is incorporated into and made an enforceable part of this Consent Decree.

[12. Cleanup and Performance Standards. The Work performed under this Consent Decree shall meet the Performance Standards set forth in Section II of the Scope of Work, which shall include, but are not limited to:

a. removal of all drums at the Taracorp Pile;

b. excavation of battery case material at or near the surface of all alleys and driveways in Venice, Eagle Park Acres, and other nearby communities (including areas in ROD Figures 6, 7);

c. construction of a RCRA complaint cap over the Expanded Taracorp Pile;

d. implementation of air and groundwater monitoring and remediation, if necessary, as specified in the contingency plans, as approved by U.S. EPA.

The Cleanup Standards described in Section II of the SOW include, but are not limited to:

a. an Area 1 cleanup standard of 1000/ppm soil lead;

b. a 500 ppm soil lead and battery case material cleanup standard for all Residential Areas containing concentrations of lead greater than 500 ppm, based on sampling during the remedial design.]

13. Work Plan.

a. Within [60] 120 days of the [lodging] entry of this Consent Decree, the Settling Defendants shall commence [remedial design work] the activities required by this Consent Decree by submitting the [RD/RA] Work Plan to U.S. EPA and the state. [State. RD/RA Work Plan submittals shall include the plans listed in Task I of Section III of the Scope of Work. Settling Defendants shall not be required to pay any Oversight Costs for U.S. EPA's or the State's review of their work prior to entry of the decree under this paragraph, but following entry shall pay all such Oversight Costs that accrued prior to entry pursuant to Section XVI hereof.]

b. [Within 60 days of the entry of this Consent Decree, the Settling Defendants shall submit the remaining plans needed to complete the Work. The submittals shall include each of the requirements of Section III, Task II of the Scope of Work.

c.] All plans submitted shall be developed in conformance with the ROD, the SOW, U.S. EPA Superfund Remedial Design and Remedial Action Guidance and any additional guidance documents provided by U.S. EPA that are in effect at the time of plan submission. If an applicable U.S. EPA guidance document is changed or is issued which requires modification of plans under development, U.S. EPA may adjust deadlines of such plans as U.S. EPA deems necessary to incorporate such guidance into the plan being developed.

[d] c. All plans shall be subject to review, modification and approval by U.S. EPA, in consultation with the State, in accordance with the procedures set forth in para. 14 below.

[e] d. All approved plans shall be deemed incorporated into and made an enforceable part of this Consent Decree. All work shall be conducted in accordance with the National Contingency Plan, the U.S. EPA Superfund Remedial Design and Remedial Action Guidance, and the requirements of this Consent Decree, including the standards, specifications and schedule contained in the Work Plan.

14. Approval Procedures for Work Plans and Other Documents.

a. Upon review of each work plan or other document required to be submitted and approved by U.S. EPA pursuant to this Decree, and after consultation with the State,

the U.S. EPA Remedial Project Manager (the "RPM") shall notify Settling Defendants, in writing, that a document is (1) approved, (2) disapproved, or (3) [modified by U.S. EPA to cure deficiencies, or (4)] returned to Settling Defendants for modification. [An] Such notification must be given within thirty (30) days of receipt of the Work Plan or other documents from Settling Defendants. A written explanation shall be provided for any disapproval or required modification.

b. Approved plans will not be subject to change or modification by EPA absent a showing of a danger to human health and the environment.

c. Upon approval or modification of a submission by U.S. EPA, Settling Defendants shall proceed to implement the work required.

[c] d. In the event of partial U.S. EPA disapproval or request for modification by Settling Defendants, the Settling Defendants shall proceed to implement the work in any approved portions of the submission upon request by U.S. EPA, and shall submit a revised document to U.S. EPA and the State curing the deficiencies within 30 calendar days of receipt of notice from U.S. EPA or such other time as may be agreed to by the parties.

[d] e. Settling Defendants may submit any disapproval, modification, or conditions of approval to which they object, for dispute resolution pursuant to Section XIV

hereof. The provisions of Section XIV (Dispute Resolution) and Section XVII (Stipulated Penalties) shall govern the implementation of Work and accrual and payment of any stipulated penalties during dispute resolution. Implementation of non-deficient portions of the submission shall not relieve Settling Defendants of any liability for stipulated penalties under Section XVII.

VII. ADDITIONAL WORK AND MODIFICATION OF THE SOW

15. No Warranty. The provisions of the SOW attached as Appendix [2] 1 reflect the parties' best efforts at the time of execution of this Decree to define the technical work required to perform the remedial action described in the ROD. The Parties acknowledge and agree that approval by U.S. EPA of [neither] either the SOW [nor] or the Work Plan [constitutes] does not constitute a warranty or representation of any kind that the SOW or Work Plan will achieve the Cleanup and Performance Standards, and shall not foreclose the United States or the State from seeking compliance with the applicable Cleanup and Performance Standards.

16. Modification of the Scope of Work. The parties recognize that modification of the SOW may be required at some point in the future, e.g. to provide for additional work needed to meet the Clean-up and Performance Standards specified above or for the deletion of work which is not necessary to achieve

those standards. In such event, the following procedures shall be followed to amend the SOW:

a. The party that determines that additional work or other modification of the SOW is necessary shall provide written notice of such determination to the other parties.

b. The other parties shall respond to such notice in writing within thirty (30) days of receipt or such other time as may be agreed to by the parties.

17. Modification by Agreement. If the parties agree on the modifications to the SOW, the agreement shall be in writing and shall be submitted, along with the amended SOW, for approval of the Court.

18. Dispute Resolution. If the parties do not agree on the proposed modifications, they shall initiate dispute resolution pursuant to Section XIV of this Decree. The scope and standard of review set forth in para. [40] 39.e. shall govern any judicial determination in such dispute.

VIII. DETERMINATION OF THE REMEDIAL ACTION.

[U.S. EPA PERIODIC REVIEW TO ASSURE PROTECTION OF HUMAN HEALTH AND THE ENVIRONMENT]

19. [To the extent required by Section 121(c) of CERCLA, 42 U.S.C. § 9621(c), and any applicable regulations, U.S. EPA, in consultation with the State, shall review the

remedial action at the Facility at least every five (5) years after the entry of this Consent Decree to assure that human health and the environment are being protected by the remedial action being implemented. If upon such review, U.S. EPA determines that further response action is appropriate at the Facility in accordance with Section 104 or 106, then, consistent with Section XVIII of this Consent Decree, the U.S. EPA, in consultation with the State, may take or require such action.] Upon termination and satisfaction of this Decree in accordance with Paragraph 74:

[20.] a. The U.S. EPA shall notify the Settling Defendants and any known responsible parties identified by the U.S. EPA to proceed with the Remedial Design/Remedial Action ("RD/RA").

b. Sixty (60) days after the Settling Defendant's receipt of notification pursuant to Paragraph 19.a. above, the Settling Defendants, and any other PRPs identified by U.S. EPA, shall notify the U.S. EPA whether or not they will perform the entire RD/RA. Regardless of its participation in the performance of the RD/RA, the Settling Defendants [shall be provided with an opportunity to confer with U.S. EPA and the State on any response action proposed as a result of U.S. EPA's 5-year review and to submit written comments for the record. The final decision of U.S. EPA shall be subject to judicial review pursuant to the dispute resolution provisions in Section

XIV hereof, if U.S. EPA seeks to require] will undertake to perform the tasks identified in Paragraph 19.d. If Settling Defendants agree to complete the entire RD/RA, the parties shall negotiate a supplemental agreement to be signed and lodged under this Consent Decree.

c. If Settling Defendants decline to perform the selected remedy, the U.S. EPA may, in accordance with the applicable law, perform and pay for the selected remedy. U.S. EPA reserves its right to file claims against the Settling Defendants [to undertake such work.] in a proceeding to recover response costs, not inconsistent with the National Contingency Plan, expended by U.S. EPA in performing the RD/RA. Settling Defendants reserve any rights they may have with respect to liability for U.S. EPA's costs for work performed by the Agency outside of this Consent Decree. The Settling Defendants do not waive any rights they may have pursuant to CERCLA, as amended, to contest any U.S. EPA decisions to perform any further remediation, and any and all rights and defenses it may have. This reservation of rights shall not apply to tasks identified in Paragraph 19.d.

d. (1) Notwithstanding the above, the Settling Defendants agree to pay for the development of an RD/RA Work Plan.

(ii) The RD/RA Work Plan submittal shall include a schedule for submittal of the following project

plans: (1) a sampling and analysis plan; (2) a health and safety/contingency plan; (3) a plan for satisfaction of permitting requirements; (4) a quality assurance project plan; (5) a groundwater monitoring plan; and (6) an operations and maintenance plan. The RD/RA work plan shall also include a schedule for implementation of the RD/RA tasks and submittal of RD/RA reports.

IX. QUALITY ASSURANCE

[21.] 20. Settling Defendants shall use quality assurance, quality control, and chain of custody procedures in accordance with U.S. EPA's "Interim Guidelines and Specifications For Preparing Quality Assurance Project Plans" (QAM-005/80) and subsequent amendments to such guidelines upon notification to Settling Defendants of such amendments by U.S. EPA. Amended guidelines shall apply only to procedures conducted after such notification. Prior to the commencement of any monitoring project under this Consent Decree, Settling Defendants shall submit Quality Assurance Project Plan(s) ("QAPP") to U.S. EPA and the State, consistent with the SOW and applicable guidelines, in accordance with paras. 13-14 hereof. Validated sampling data generated consistent with the QAPP(s) and reviewed and approved by EPA shall be admissible as evidence, without objection, in any proceeding to enforce this Decree. Each laboratory utilized by Settling Defendants in implementing this Consent Decree shall be subject to approval

by U.S. EPA and the State. Such approval shall not be unreasonably withheld. Settling Defendants shall assure that U.S. EPA and State personnel or authorized representatives are allowed access to each such laboratory. In addition, Settling Defendants shall have their laboratory analyze samples submitted by U.S. EPA or the State for quality assurance monitoring.

X. FACILITY ACCESS, SAMPLING, DOCUMENT AVAILABILITY

[22] 21. Access to Facility and Other Property Controlled by Settling Defendants. As of the date of lodging of this Consent Decree, the United States and the State, and Settling Defendants' contractors shall have access at all times to the Facility, and shall have access to any other property controlled by or available to Settling Defendants to which access is necessary to effectuate the remedial design or remedial action required pursuant this Decree. Access shall be allowed for the purposes of conducting activities related to this Decree, including but not limited to:

a. Monitoring the Work or any other activities taking place at the Facility;

b. Verifying any data or information submitted to the United States or the State;

c. Conducting investigations relating to contamination at or near the Facility;

d. Obtaining samples;

e. Assessing the need for, planning, or implementing additional response actions at or near the Facility;

f. Inspecting and copying records, operating logs, contracts or other documents maintained or generated by Settling Defendants or their agents, consistent with this Decree and applicable law; or

g. Assessing Settling Defendants' compliance with this Consent Decree.

h. This Section X of the Decree requires acceptance and execution by Owner Settling Defendants to be enforceable.

22. [23.] Access to Other Property. To the extent that the Facility or other areas where Work is to be performed hereunder is presently owned by persons other than Settling Defendants, Settling Defendants shall use best efforts to secure from such persons access for Settling Defendants' contractors, the United States, the State, and their authorized representatives, as necessary to effectuate this Consent Decree. If necessary access is not obtained despite best efforts [within 30 calendar days of the date of entry of this Decree], Settling Defendants shall promptly notify the United States. The United States thereafter [may] will assist Settling Defendants in obtaining access, to the extent necessary to effectuate the remedial action for the Facility,

using such means as it deems appropriate. The United States' costs in this effort, including attorney's fees and other expenses [and any compensation that the United States may be required to pay to the property owner,], shall be considered costs of response [and shall be reimbursed by]. Neither the United States nor Settling Defendants [in accordance with Section XVI of this Decree (Reimbursement).] shall be required to compensate the property owner for such access.

[24] 23. Access Authority Retained. Nothing herein shall restrict in any way the United States' access authorities and rights under CERCLA, RCRA or any other applicable statute, regulation or permit.

[25.] 24. Sampling Availability. Settling Defendants shall make available to U.S. EPA and the State, upon request, the results of all sampling and/or tests or other data generated by Settling Defendants with respect to the implementation of this Consent Decree. U.S. EPA and the State, upon request, shall make available to the Settling Defendants the results of sampling and/or tests or other data generated by U.S. EPA, the State, or their contractors.

[26] 25. Split Samples. Upon request, a party taking samples shall allow other parties and/or their authorized representatives to take split or duplicate samples. The party taking samples shall give at least 14 days prior notice of sample collection activity to the other parties.

XI. REPORTING REQUIREMENTS

[27.] 26. Monthly Progress Reports. Settling Defendants or their contractors, engineers or other representatives shall prepare and provide to the United States and the State written monthly progress reports which: (1) describe the actions which have been taken toward achieving compliance with this Consent Decree during the previous month, and attach copies of appropriate supporting documentation [such as invoices, contract documents and photographs]; (2) include all results of sampling and tests and all other data received by Settling Defendants during the course of the work which has passed quality assurance and quality control procedures; (3) include all plans and procedures [completed] prepared under the [RD/RA] Scope of Work [Plan] during the previous month; (4) describe all actions, data and plans which are scheduled for the next month and provide other information relating to the progress of [construction] the Work; (5) include information regarding percentage of completion, unresolved delays encountered or anticipated that may affect the future schedule for implementation of [RD/RA] the Scope of Work [or] the Work Plan, and a description of efforts made to mitigate those delays or anticipated delays. Progress reports are to be submitted to U.S. EPA and the State by the tenth day of every month following the effective date of this Consent Decree.

[28] 27. Other Reporting Requirements. Settling Defendants shall submit reports, plans and data required by the

SOW, the RD/RA Work Plan or other approved plans in accordance with the schedules set forth in such plans.

[29] 28. Reports of Releases. Upon the occurrence of any event during performance of the Work which, pursuant to Section 103 of CERCLA, requires reporting to the National Response Center, Settling Defendants shall promptly orally notify the U.S. EPA Remedial Project Manager ("RPM") or On-Scene Coordinator ("OSC"), or in the event of the unavailability of the U.S. EPA RPM, the Emergency Response Section, Region V, United States Environmental Protection Agency, in addition to the reporting required by Section 103. Within 20 days of the onset of such an event, Settling Defendants shall furnish to the United States and the State a written report setting forth the events which occurred and the measures taken, and to be taken, in response thereto. Within 30 days of the conclusion of such an event, Settling Defendants shall submit a report setting forth all actions taken to respond thereto.

[30] 29. Annual Report. Settling Defendants shall submit each year, within thirty (30) days of the anniversary of the entry of the Consent Decree, a report to the Court and the parties setting forth the status of response actions at the Facility, which shall include at a minimum a statement of major milestones accomplished in the preceding year, a statement of tasks remaining to be accomplished, and the schedule for implementation of the remaining Work.

XII. REMEDIAL PROJECT MANAGER/PROJECT COORDINATORS

[31] 30. Designation/Powers. U.S. EPA shall designate a Remedial Project Manager ("RPM") and/or an On Scene Coordinator ("OSC") and the IEPA shall designate a Project Manager (PM) for the Facility, and they may designate other representatives, including U.S. EPA and State employees, and federal and state contractors and consultants, to observe and monitor the progress of any activity undertaken pursuant to this Consent Decree. The RPM/OSC shall have the authority lawfully vested in an RPM/OSC by the National Contingency Plan, 40 [CFR] C.F.R. Part 300. In addition, the RPM/OSC shall have the authority to halt any work required by this Consent Decree and to take any necessary response action when conditions at the Facility may present an imminent and substantial endangerment to public health or welfare or the environment. Such action by the RPM/OSC shall constitute a force majeure in accordance with Section XIII. Settling Defendants shall also designate a Project Coordinator who shall have primary responsibility for implementation of the Work at the Facility.

[32] 31. Communications. To the maximum extent possible, except as specifically provided in the Consent Decree, communications between Settling Defendants, the State and U.S. EPA concerning the implementation of the work under this Consent Decree shall be made between the Project Coordinators and the RPM/OSC.

[33] 32. Identification of Personnel. Within twenty (20) calendar days of the effective date of this Consent Decree, Settling Defendants, IEPA, and U.S. EPA shall notify each other, in writing, of the name, address and telephone number of the designated Project Manager and an Alternate Project Manager, and the RPM/OSC and Alternate RPM/OSC. If the identity of any these persons changes, notice shall be given to the other parties at least five (5) business days before the changes become effective.

XIII. FORCE MAJEURE

[34.] 33. Definition. "Force Majeure" for purposes of this Consent Decree is defined as any event arising from causes beyond the control of Settling Defendants which delays or prevents the performance of any obligation under this Consent Decree notwithstanding Settling Defendants' best efforts to avoid the delay. Increased costs or expenses [or non-attainment of the Performance or Clean-Up Standards]shall not constitute "force majeure" events.

[35.] 34. Notice to RPM Required. When circumstances occur which may delay the completion of any phase of the Work or delay access to the Facility or to any property on which any part of the Work is to be performed, whether or not caused by a "force majeure" event, Settling Defendants shall upon becoming aware of such circumstances, promptly notify the RPM and the State Project Coordinator by telephone, or in the event of

their unavailability, the Director of the Waste Management Division of U.S. EPA. Within twenty (20) days of the event which Settling Defendants contend is responsible for the delay, Settling Defendants shall supply to the United States and the State in writing the reason(s) for and anticipated duration of such delay, the measures taken and to be taken by Settling Defendants to prevent or minimize the delay, and the timetable for implementation of such measures. Failure to give such oral notice and written explanation in a timely manner shall constitute a waiver of any claim of force majeure.

[36.] 35. If U.S. EPA agrees that a delay is or was attributable to a "force majeure" event, the Parties shall modify the SOW or [RD/RA] Work Plan to provide such additional time as may be necessary to allow the completion of the specific phase of Work and/or any succeeding phase of the Work affected by such delay.

[37.] 36. If U.S. EPA does not agree with Settling Defendants that the reason for the delay was a "force majeure" event, that the duration of the delay is or was warranted under the circumstances, or that the length of additional time requested by Settling Defendants for completion of the delayed work is necessary, U.S. EPA shall so notify Settling Defendants in writing. Settling Defendants shall initiate a formal dispute resolution proceeding under para. 39 below no later than 15 days after receipt of such notice. In such a

proceeding, Settling Defendants have the burden of proving, by a preponderance of the evidence, that the event was a force majeure, that best efforts were exercised to avoid and mitigate the effects of the delay, that the duration of the delay is or was warranted, that the additional time requested for completion of the Work involved is necessary to compensate for the delay, and that the notice provisions of para. 35 were complied with.

XIV. DISPUTE RESOLUTION

[38] 37. The Parties to this Consent Decree shall attempt to resolve expeditiously any disagreements concerning the meaning, application or implementation of this Consent Decree. Any party seeking dispute resolution first shall provide the other parties with an "Informal Notice of Dispute" in writing and request an informal dispute resolution period, which shall not exceed thirty (30) days.

[39] 38. If the dispute is not resolved within the informal discussion period, any party may initiate formal dispute resolution by giving a written "Formal Notice of Dispute" to the other parties no later than the 15th day following the conclusion of the informal dispute resolution period. A party shall seek formal dispute resolution prior to the expiration of the informal discussion period where the circumstances require prompt resolution.

[40.] 39. Formal dispute resolution for disputes [pertaining to the selection or adequacy of remedial design or remedial action (including the selection and adequacy of any plans which are required to be submitted for government approval under this Decree and the adequacy of Work performed)]shall be conducted according to the following procedures:

a. Within [ten (10)] twenty (20) days of the service of the Formal Notice of Dispute pursuant to the preceding paragraph, or such other time as may be agreed to by the parties, the party who gave the notice shall serve on the other parties to this Decree a written statement of the issues in dispute, the relevant facts upon which the dispute is based, and factual data, analysis or opinion supporting its position (hereinafter the "Statement of Position"), and shall provide copies of all supporting documentation on which such party relies. A Statement of Position may incorporate by reference, and thereby include, supporting documents previously submitted to the other party or documents which are readily and easily accessible to the public.

b. Opposing parties shall serve their Statements of Position and copies of supporting documentation within twenty (20) days after receipt of the complaining party's Statement of Position or such other time as may be agreed to by the parties.

c. U.S. EPA shall maintain an administrative record of any dispute governed by this paragraph. The record shall include the Formal Notice of Dispute, the Statements of Position, all supporting documentation submitted by the parties, and any other material on which the U.S. EPA decisionmaker relies for the administrative decision provided for below. The record shall be available for inspection and copying by all parties. The record shall be closed no less than ten (10) days before the administrative decision is made, and U.S. EPA shall give all parties prior notice of the date on which the record will close.

d. Upon review of the administrative record U.S. EPA shall issue a final decision and order resolving the dispute.

e. Any decision and order of U.S. EPA pursuant to subparagraph d. shall be reviewable by this Court, provided that a Notice of Judicial Appeal is filed within 10 days of receipt of U.S. EPA's decision and order. [Judicial review will be conducted on U.S. EPA's administrative record and U.S. EPA's decision shall be upheld unless it is demonstrated to be arbitrary and capricious or in violation of law.] <u>The standard of review for dispute resolution shall be determined by the Court in accordance with the provisions of CERCLA.</u>

[41. Judicial dispute resolution for any issues not governed by the preceding paragraph may be initiated by

petition to the Court and shall be governed by the Federal Rules of Civil Procedure. Except as specifically provided in other provisions of this Decree, e.g. Section XIII, this Decree does not establish procedures or burdens of proof for such dispute resolution proceedings.

42.] 40. The invocation of the procedures stated in this Section shall [not extend or] postpone Settling Defendants' obligations under this Consent Decree with respect to the disputed issue unless [and until U.S. EPA agrees otherwise. EPA's position on an issue in dispute shall control until such time as]the Court orders otherwise [in accordance with the provisions of this Section.].

[43.] 41. Any applicable Stipulated Penalties will not continue to accrue during [dispute resolution, as provided in Section XVII hereof. Settling Defendants may seek forgiveness of stipulated penalties that accrue during] the dispute resolution [by petition to U.S. EPA and/or the Court pursuant to para. 62. below.] period.

[44.] 42. Upon the conclusion of any formal or informal dispute resolution under this Section which has the effect of nullifying or altering any provision of the [RD/RA] Work Plan or any other plan or document submitted and approved pursuant to this Decree, Settling Defendants shall submit an amended plan, in accordance with the decision, to U.S. EPA within fifteen (15) days of receipt of the final order or

decision. Amendments of the SOW as a result of dispute resolution proceedings are governed by Section VII above. Amendments of a plan or other document as a result of dispute resolution shall not alter any dates for performance unless such dates have been specifically changed by the order or decision. Extension of one or more dates of performance in the order or decision does not extend subsequent dates of performance for related or unrelated items of Work unless the order or decision expressly so provides or the parties so agree.

43. The Court's determination shall bind all signatories to this Consent Decree. Each party shall bear its own attorney's fees on legal costs resulting from utilization of the judicial review provisions of these dispute resolution procedures.

XV. RETENTION AND AVAILABILITY OF INFORMATION

[45.] 44. Settling Defendants shall make available to U.S. EPA and the State and shall retain the following documents [until 6 years following the third "five-year review" conducted for the Facility pursuant to Section 121(c) of CERCLA (or the final review, if there are fewer than three reviews)] for 6 years after the Termination of this Decree: all records and documents in their possession, custody, or control which relate to the performance of this Consent Decree, including, but not limited to, documents reflecting the results of any sampling, tests, or other data or information generated or acquired by

any of them, or on their behalf, with respect to the Facility [and all documents pertaining to their own or any other person's liability for response action or costs under CERCLA]. After this period of document retention, Settling Defendants shall notify U.S. DOJ, U.S. EPA and the State at least ninety (90) calendar days prior to the destruction of any such documents, and upon request by U.S. EPA or the State, Settling Defendants shall relinquish custody of the documents to U.S. EPA or the State.

[46.] 45. Settling Defendants may assert business confidentiality claims covering part or all of the information provided in connection with this Consent Decree in accordance with Section 104(e)(7) of CERCLA, 42 U.S.C. § 9604(e)(7), and pursuant to 40 [CFR §]C.F.R. § 2.203(b) and applicable State law. Information determined to be confidential by U.S. EPA will be afforded the protection specified in 40 [CFR] C.F.R. Part 2, Subpart B and, if determined to be entitled to confidential treatment under State law by the State, afforded protection under State law by the State. If no such claim accompanies the information when it is submitted to U.S. EPA and the State, the public may be given access to such information without further notice to Settling Defendants.

[47] 46. Information acquired or generated by Settling Defendants in performance of the Work that is subject to the provisions of Section 104(e)(7)(F) of CERCLA, 42 U.S.C.

§ 9604(e)(7)(F), shall not be claimed as confidential by Settling Defendants.

[48.] 47. In the event that Settling Defendants' obligation to produce documents under this Section includes documents which are privileged from disclosure as attorney-client communications, attorney work-product or other privilege recognized by law, Settling Defendants may seek to withhold production of such documents to avoid improper disclosure. At the time production is requested, Settling Defendants must provide the United States and the State all information necessary to determine whether the document is privileged, including such information as is generally required under the Federal Rules of Civil Procedure. If the United States does not agree with the Settling Defendant's claim of privilege, Settling Defendants may seek protection of the documents from the Court.[Settling Defendants shall not withhold as privileged any information or documents that are created, generated or collected pursuant to requirements of this Decree, regardless of whether the document has been generated in the form of an attorney-client communication or other generally privileged manner.] Settling Defendants may not withhold as privileged any documents that are subject to the public disclosure provision of Section 104(e)(7)(F) of CERCLA, 42 U.S.C. § 9604(e)(7)(F).

XVI. [REIMBURSEMENT] STIPULATED CIVIL PENALTIES

[49. a. Within 45 days of the entry of this Consent Decree,] In consideration of the work schedule agreed to in this Consent Decree and the Scope of Work, stipulated civil penalties shall be as described below:

48. Settling Defendant shall pay stipulated civil penalties of $100 per day for its submission of a deficient resubmittal progress report unless such failure is excused under the Force Majeure provisions of the Consent Decree.

49. Except for the stipulated civil penalties specified in paragraph 50, the Settling Defendant shall pay the following stipulated civil penalties for each failure to comply with the requirements of this Decree, including but not limited to all implementation schedules and performance and submission dates:

Period of Failure to Comply	Penalty Per Violation
3rd through 5th day	$100
6th through 20th day	500
21st day and beyond	$1000

In no event shall the total of all stipulated penalties assessed under this Decree, including interest and other fees exceed 25% of the cost of activities specified in the SOW.

Settling Defendant shall pay all stipulated penalties upon demand by U.S. EPA unless Settling Defendant invokes the dispute resolution procedures set forth in Paragraph XIV of this Consent Decree.

50. Stipulated civil penalties shall accrue from the date scheduled for performance of a specific task unless excused, and will continue until the completion of the task.

51. If any event occurs that delays any performance under this Order, whether or not caused by a force majeure event, and if the Settling Defendants exercise best efforts to avoid or minimize the delay of any subsequent effects, then the deadlines for every directly affected subsequent deliverable shall be extended accordingly so Settling Defendants will not pay cumulative penalties.

52. Stipulated civil penalties shall not accrue during the dispute resolution period. If the District Court becomes involved in the resolution of the dispute the period of dispute shall end upon the rendering of a decision by the District Court regardless of whether any party appeals such decision. If the Settling Defendants do not prevail upon resolution, the Plaintiff has the right to collect all penalties which accrue prior to and after the period of dispute. If the Settling Defendants prevail upon resolution, no penalties shall be payable. [Settling Defendants shall pay Seventy-Five Thousand Dollars ($75,000.00) to the EPA Hazardous

Substances Superfund, plus interest accrued on that amount since October 25, 1990, at the rate of interest specified in 31 USC 3717. Payment shall be delivered to the U.S. EPA, Superfund Accounting, P.O. Box 70753, Chicago, Illinois 60673 in the form of a certified or cashier check payable to "EPA Hazardous Substances Superfund," and referencing CERCLA Number K7 and DOJ Case Number 90-11-3-608. A copy of such check shall be sent to the Director, Waste Management Division, U.S. EPA, Region V and to the Assistant Attorney General, Environment and Natural Resources Division, U.S. Department of Justice, at the addresses provided in Section XXI (Notices). This payment is for reimbursement of past costs claimed by the United States in this action through May 31, 1990.

b. Settling Defendants shall pay to U.S. EPA the cost of conducting a Blood Lead study. The United States shall submit its claim for costs associated with the Blood Lead study as soon as practical after completion of the study. Payment shall be made in the manner describe in paragraph A above.

c. Settling Defendants shall pay within forty-five (45) days of the entry of this Consent Decree, dollars ($) to the State for its past response costs. Payment shall be made by means of a check made payable to " " and delivered to the Attorney General of the State.

50. Settling Defendants shall pay all response costs incurred by the United States and the State after the date[s] set forth

in the preceding paragraph (hereinafter referred to collectively as "Future Response Costs"), including all Oversight Costs, all costs of access required to be paid pursuant to Section X hereof, and all costs incurred in enforcing this decree.

51. The United States and the State shall submit their claim[s] for Future Response Costs incurred up to the date of entry of the Decree as soon as practicable after entry of the Decree. Claims for Future Costs shall be submitted periodically by U.S. EPA, as practicable. Payments shall be made, as specified in para. 49 above, within 30 days of the submission of the above claims. Settling Defendants may inspect the United States' cost documentation upon request.

52. Settling Defendants may agree among themselves as to the apportionment of responsibility for the payments required by this Section, but their liability to the United States and the State for these payments shall be joint and several.]

[XVII. STIPULATED PENALTIES

53. Settling Defendants shall pay stipulated penalties in the amounts set forth below to the United States for each failure to complete any requirement of this Consent Decree and Section III of the SOW in an acceptable manner and within the time schedules specified in the SOW, the RD/RA Work]

[Plan or in other plans submitted and approved under this Consent Decree.

PENALTY

	UP TO 30 DAYS	UP TO 60 DAYS	OVER 60 DAYS
1. Blood Testing Program Plan	$5,000	$10,000	$15,000
2. Quality Assurance Project Plan and Sampling and Analysis	$5,000	$10,000	$15,000
3. Home Inspection and Fugitive Dust Control Plan	$5,000	$10,000	$15,000
4. A Plan for Satisfaction of Permitting and Access Requirements]	$5,000	$10,000	$15,000

[5. Air, Groundwater, $5,000 $10,000 $15,000
and Soil Cover/Cap
Contngency Plans

6. Design Plans and $5,000 $10,000 $15,000
Specifications

7. Cost Estimate $5,000 $10,000 $15,000

8. Project Schedule $5,000 $10,000 $15,000

9. Construction Quality $5,000 $10,000 $15,000
Assurance Plan

10. Health and Safety $5,000 $10,000 $15,000

Plan/Emergency
Contingency Plan
UP TO UP TO OVER
30 DAYS 60 DAYS 60 DAYS

$10,000 $15,000 $20,000]

[11. Failure to meet each milestone for implementation of the Work specified in the Work Plan(s), as approved by U.S. EPA, which at a minimum shall include:

a. Taracorp drum removal;

b. consolidation of the SLLR Piles with the Taracorp Pile;

c. excavation/removal of battery casing material from Venice and Eagle Park Acres;

d. excavation/removal of contaminated soils from Area 1;

e. excavation/removal of contaminated soils from Residential Areas, including Areas 2-8;

f. completion of the cap on the Expanded Taracorp Pile;

g. implementation of contingency plans;

h. implementation of other contingency measure.

54. All penalties begin to accrue on the day after complete performance is due or the day a violation occurs, and continue to accrue through the final day of correction of the noncompliance or completion of performance. Any modifications of the time for performance shall be in writing and approved by U.S. EPA. Nothing herein shall prevent the simultaneous accrual of separate penalties for separate violations of this Consent Decree.

55. Following U.S. EPA's determination that Settling Defendants have failed to comply with the requirements of this]

[Consent Decree, U.S. EPA shall give Settling Defendants written notification of the same and describe the non-compliance. This notice shall also indicate the amount of penalties due. However, penalties shall accrue as provided in the preceding paragraph regardless of whether U.S. EPA has notified Settling Defendants of a violation.

56. All penalties owed to the United States under this Section shall be payable within 30 days of receipt of the notification of non-compliance, unless Settling Defendants invoke the dispute resolution procedures under Section XIV.

57.] Settling Defendants may dispute the United States' right to penalties or the stated amount of penalties [on the grounds that the violation is excused by the Force Majeure provisions of Section XIII or that it is based on a mistake of fact]. The dispute resolution procedures under Section XIV shall be followed for such a dispute. Settling Defendants shall request a specific determination at each stage of

[58. Neither the filing of a petition to resolve a dispute nor the payment of penalties shall alter in any way Settling Defendants' obligation to continue and complete the performance required hereunder.

59. Penalties shall continue to accrue as provided in para. 55 during the] dispute resolution [period, but need not be paid until the following decision points:] as to the issues

and items upon which they have prevailed and as to the amount of any stipulated penalties owed.

[a. If the dispute is resolved by agreement or by decision or order of U.S. EPA which is not appealed to this Court, accrued penalties shall be paid to U.S. EPA and IEPA within fifteen (15) days of the agreement or the receipt of U.S. EPA decision or order;]

53. If Settling Defendant fails to pay stipulated civil penalties, the Plaintiff may institute proceedings to collect the penalties.

[b. If the dispute is appealed to this Court, accrued penalties shall be paid to U.S. EPA and IEPA within fifteen (15) days of receipt of the Court's decision or order, except as provided in subparagraph c below;

c. If the District Court's decision is appealed by any party]

54. If the District Court's decision is appealed by the Settling Defendants, Settling Defendants shall pay all accrued penalties into an interest-bearing escrow account within fifteen (15) days of receipt of the Court's decision or order. Penalties shall be paid into this account as they continue to accrue, at least every sixty (60) days. Within fifteen (15) days of receipt of the appellate court decision, the escrow agent shall pay the balance of the account to U.S. EPA, IEPA, and/or to Settling Defendants to the extent that they prevail, as determined pursuant to the following paragraph.

[60. Settling Defendants shall not owe stipulated penalties for any items upon which they prevail in dispute resolution. Settling Defendants shall request a specific determination at each stage of dispute resolution as to the issues and items upon which they have prevailed and as to the amount of any stipulated penalties owed.

61. Notwithstanding the above provisions, the Settling Defendants shall have the right to petition the Court or U.S. EPA (according to the level of dispute resolution reached) for forgiveness of stipulated penalties that accrue during dispute resolution for items upon which they did not prevail, based on a finding (1) that the delay in work or other violation that caused the stipulated penalty to accrue was necessary and appropriate during the dispute resolution proceeding (2) that Settling Defendants' position regarding the dispute had substantial support in law and fact and reasonably could have been expected to prevail, considering the applicable standard of review, and (3) that Settling Defendants sought dispute resolution at the earliest practicable time and took all other appropriate steps to avoid any delay in remedial action work as a result of the dispute. If the Court or U.S. EPA so finds, they may grant a appropriate reduction in the stipulated penalties that accrued during the dispute resolution period. Settling Defendants shall have the burdens of proof and persuasion on any petition submitted under this provision.]

[62.] 55. Interest shall begin to accrue on the unpaid balance of stipulated penalties on the day following the date payment is due. Pursuant to 31 U.S.C. § 3717, interest shall accrue on any amounts overdue at a rate established by the Department of Treasury for any period after the date of billing. A handling charge of ____ will be assessed at the end of each 30 day late period, and a six percent per annum penalty charge will be assessed if the penalty is not paid within 90 days of the due date. Penalties shall be paid as specified in para. 49 hereof.

[63. If Settling Defendants fail to pay stipulated penalties, the United States or the State may institute proceedings to collect the penalties. In any such proceeding, penalties shall be paid as provided in para. 49 above.

64. Notwithstanding any of the above provisions, U.S. EPA may elect to assess civil penalties and/or to bring an action in U.S. District Court pursuant to Section 109 of CERCLA to enforce the provisions of this Consent Decree. Payment of stipulated penalties shall not preclude U.S. EPA from electing to pursue any other remedy or sanction to enforce this Consent Decree, and nothing shall preclude U.S. EPA from seeking statutory penalties against Settling Defendants for violations of statutory or regulatory requirements.]

[XVIII] XVII. COVENANT NOT TO SUE

56. Except as provided in Paragraph 57, the Settling Defendant shall receive no release from liability as a result of any action performed pursuant to this Decree. The Unite States reserves the right to institute proceedings in a new action or to issue an Order seeking to compel the Settling Defendant to remediate any release from the Facility. Settling Defendants reserve all rights they may have to oppose and defend against such claims and actions and to assert any and all claims they may have against EPA and/or any person or government agency.

57. In consideration of actions which will be performed and payments which will be made by the Settling Defendant under the terms of the Consent Decree, and except [65. Except] as otherwise specifically provided [in the following paragraph or elsewhere]in this Decree [,] the United States [and the State covenant] covenants not to sue the Settling Defendants or its officers, directors, employees, or agents for "Covered Matters." "Covered Matters, shall [mean] include any and all claims available to the United States [under Sections] or the State for work performed or payments made by the Settling Defendant pursuant to this Consent Decree under sections 106 and 107 of CERCLA and Section 7003 of RCRA [relating to the Facility,], any claims for natural resources damages and any and all claims available [to the State under

state statute and common law nuisance. With respect to future liability, this covenant not to sue shall take effect upon certification by U.S. EPA of the completion of the remedial action concerning the Facility pursuant to Section XXVI below.] under common law authority.

[66. "Covered Matters" does not include:

a. Liability arising from hazardous substances removed from the Facility;

b. Natural resource damages;

c. Criminal liability;

d. Claims based on a failure by the Settling Defendants to meet the requirements of this Consent Decree;

e. Any matters for which the United States is owed indemnification under Section XIX hereof; or

f. Liability for violations of Federal or State law which occur during implementation of the remedial action.

g. Any release of hazardous substances not derived directly from operations conducted by NL Industries and/or Taracorp, Inc.

h. Liability for areas where work is prevented from being performed due to the occurrence of a force majeure event.

67. Notwithstanding any other provision in this Consent Decree, (1) the United States reserves the right to institute proceedings in this action or in a new action or to]

[issue an Order seeking to compel the Settling Defendants to perform any additional response work at the Facility, and (2) the United States and the State reserve the right to institute proceedings in this action or in a new action seeking to reimburse the United States for its response costs and to reimburse the State for its matching share of any response action undertaken by U.S. EPA and/or the State under CERCLA, relating to the Facility, if:

a. for proceedings prior to U.S. EPA certification of completion of the remedial action concerning the Facility,

(i) conditions at the Facility, previously unknown to the United States or the State, are discovered after the entry of this Consent Decree, or

(ii) information is received, in whole or in part, after the entry of this Consent Decree, and these previously unknown conditions or this information indicates that the remedial action is not protective of human health and the environment; and

b. for proceedings subsequent to U.S. EPA certification of completion of the remedial action concerning the Facility,

(i) conditions at the Facility, previously unknown to the United States or the State, are discovered after the certification of completion by U.S. EPA, or]

state statute and common law nuisance. With respect to future liability, this covenant not to sue shall take effect upon certification by U.S. EPA of the completion of the remedial action concerning the Facility pursuant to Section XXVI below.] under common law authority.

[66. "Covered Matters" does not include:

a. Liability arising from hazardous substances removed from the Facility;

b. Natural resource damages;

c. Criminal liability;

d. Claims based on a failure by the Settling Defendants to meet the requirements of this Consent Decree;

e. Any matters for which the United States is owed indemnification under Section XIX hereof; or

f. Liability for violations of Federal or State law which occur during implementation of the remedial action.

g. Any release of hazardous substances not derived directly from operations conducted by NL Industries and/or Taracorp, Inc.

h. Liability for areas where work is prevented from being performed due to the occurrence of a force majeure event.

67. Notwithstanding any other provision in this Consent Decree, (1) the United States reserves the right to institute proceedings in this action or in a new action or to]

[issue an Order seeking to compel the Settling Defendants to perform any additional response work at the Facility, and (2) the United States and the State reserve the right to institute proceedings in this action or in a new action seeking to reimburse the United States for its response costs and to reimburse the State for its matching share of any response action undertaken by U.S. EPA and/or the State under CERCLA, relating to the Facility, if:

a. for proceedings prior to U.S. EPA certification of completion of the remedial action concerning the Facility,

(i) conditions at the Facility, previously unknown to the United States or the State, are discovered after the entry of this Consent Decree, or

(ii) information is received, in whole or in part, after the entry of this Consent Decree, and these previously unknown conditions or this information indicates that the remedial action is not protective of human health and the environment; and

b. for proceedings subsequent to U.S. EPA certification of completion of the remedial action concerning the Facility,

(i) conditions at the Facility, previously unknown to the United States or the State, are discovered after the certification of completion by U.S. EPA, or]

[(ii) information is received, in whole or in part, after the certification of completion by U.S. EPA, and these previously unknown conditions or this information indicates that the remedial action is not protective of human health and the environment.

68. For purposes of subpara. a. of the preceding paragraph, the information received by and the conditions known to the United States and the State is that information and those conditions set forth in the Record of Decision (the "ROD") attached as Appendix 1 hereto or in documents contained in U.S. EPA's administrative record supporting the ROD. For purposes of subpara. b. of the preceding paragraph, the information received by and the conditions known to the United States and the State is that information and those conditions set forth in the ROD, the administrative record supporting the ROD, or in reports or other documents submitted to U.S. EPA pursuant to this Consent Decree or generated by U.S. EPA in overseeing this Consent Decree prior to certification of completion.

69. Notwithstanding any other provisions in this Consent Decree, the covenant not to sue in this Section shall not relieve the Settling Defendants of their obligation to meet and maintain compliance with the requirements set forth in this Consent Decree, including the conditions in the ROD, which are incorporated herein, and the United States reserves its rights]

[to take response actions at the Facility in the event of a breach of the terms of this Consent Decree and to seek recovery of costs incurred after entry of the Consent Decree: 1) resulting from such a breach; 2) relating to any portion of the Work funded or performed by the United States; or 3) incurred by the United States as a result of having to seek judicial assistance to remedy conditions at or adjacent to the Facility.

70. Settling Defendants hereby release and waive any rights to assert any claims against the United States or the State and any agency of the United States or the State relating to the Facility.

71.] 58. Nothing in this Consent Decree shall constitute or be construed as a release or a covenant not to sue regarding any claim or cause of action against any person, firm, trust, joint venture, partnership, corporation or other entity not a signatory to this Consent Decree for any liability it may have arising out of or relating to the Facility. The United States [and], the State and Settling Defendants expressly reserve the right to continue to sue any person, other than the Settling Defendants, in connection with the [Facility] activities required by this Consent Decree.Facility.

XVIII. CONTRIBUTION PROTECTION

59. The Court hereby finds that this Consent Decree has been negotiated in good faith and constitutes a resolution by the Settling Parties of their liability, including that

under CERCLA and Section 7003 of RCRA, to the United States and State for the covered matters of this Decree. The parties agree, and the Court hereby finds that settling defendants have resolved their liability to the United States within the meaning of Section 113(f)(z) of CERCLA and are not liable for claims for contribution arising out of any matters addressed in this Consent Decree.

XIX. INDEMNIFICATION; OTHER CLAIMS

[72.] 60. Settling Defendants agree to indemnify, save and hold harmless the United States, the State and/or their representatives from any and all claims or causes of action arising from the negligent acts or omissions of Settling Defendants and/or their representatives, including contractors and subcontractors, in carrying out the activities pursuant to this Consent Decree, except to the extent that an act or omission was directed by U.S. EPA or the State over the objection of Settling Defendants. The United States and the State shall notify Settling Defendants of any such claims or actions promptly after receipt of notice that such a claim or action is anticipated or has been filed. The United State and State agree not to act with respect to any such claim or action without first providing Settling Defendants an opportunity to participate.

61 [73]. The United States and the State do not assume any liability of Settling Defendants by virtue of

entering into this agreement or by virtue of any designation that may be made of Settling Defendants as U.S. EPA's representatives under Section 104(e) of CERCLA for purposes of carrying out this Consent Decree. The United States and the State are not to be construed as parties to any contract entered into by Settling Defendants in carrying out the activities pursuant to this Consent Decree. The proper completion of the Work under this Consent Decree is solely the responsibility of Settling Defendants.

[74] 62. Settling Defendants waive their rights to assert any claims against the Hazardous Substances Superfund under CERCLA or the State's Hazardous Waste Fund that are related to any costs incurred in the Work performed pursuant to this Consent Decree, and nothing in this Consent Decree shall be construed as U.S. EPA's preauthorization of a claim against the Superfund.

XX. INSURANCE/FINANCIAL RESPONSIBILITY

[75. For the duration of this Consent Decree, Settling] 63. (Financial Assurance Not Appropriate For These Activities.)

Defendants shall satisfy, or shall ensure that their contractors or subcontractors satisfy, all applicable laws and regulations regarding the provision of worker's compensation insurance for all persons performing work on behalf of Settling Defendants in furtherance of this Consent Decree. Prior to

commencement of the Work at the Facility, Settling Defendants shall provide U.S. EPA and the State with a certificate of insurance and a copy of the insurance policy. If Settling Defendants demonstrate by evidence satisfactory to the United States and the State that any contractor or subcontractor maintains insurance equivalent to that described above, or insurance covering the same risks but in a lesser amount, then with respect to that contractor or subcontractor Settling Defendants need provide only that portion of the insurance described above which is not maintained by the contractor or subcontractor.

76. Settling Defendants shall provide financial security, in the amount of $25,000,000, in one of the forms permitted under 40 C.F.R. 264.145, to assure completion of the Work at the Facility.]

XXI. NOTICES

[77] 64. Whenever, under the terms of this Consent Decree, notice is required to be given, a report or other document is required to be forwarded by one party to another, or service of any papers or process is necessitated by the dispute resolution provisions of Section XIV hereof, such correspondence shall be directed to the following individuals at the addresses specified below:

As to the United States or U.S. EPA:

a. Regional Counsel
Attn: NL Industries/Taracorp-Granite City Coordinator (5CS)
U.S. Environmental Protection Agency
230 S. Dearborn Street
Chicago, Illinois 60604

b. Director, Waste Management Division

Attn: NL Industries/Taracorp
Remedial Project Manager (5HS-11)
U.S. Environmental Protection Agency
230 S. Dearborn Street
Chicago, Illinois 60604

c. Assistant Attorney General
Environment & Natural Resources Division
U.S. Department of Justice
10th & Pennsylvania Ave., N.W.
Washington, D.C. 20530
Ref. D.J. # 90-11-3-608

As to the State of Illinois:

a. Attorney General
State of Illinois
Attn: NL Industries/Taracorp-Granite City Coordinator

b. Director, Illinois Environmental Protection Agency

As to Settling Defendants:

XXII. CONSISTENCY WITH NATIONAL CONTINGENCY PLAN

[78.] 65. The United States and the State agree that the Work required by this Consent Decree and additional work if any, if properly performed, is consistent with the provisions of the National Contingency Plan.

XXIII. ENDANGERMENT AND EMERGENCY RESPONSE

[79.] 66. In the event of any action or occurrence [during] caused by the performance of the Work which causes or

threatens a release of a hazardous substance into the environment which presents or may present an imminent and substantial endangerment to public health or welfare or the environment, [Setting] Settling Defendants shall immediately take all appropriate action to prevent, abate, or minimize such release and endangerment, and shall immediately notify the RPM or, if the RPM is unavailable, the U.S. EPA Emergency Response Section, Region V, U.S. EPA. Settling Defendants shall take such action in accordance with all applicable provisions of the Health and Safety/Contingency Plan developed pursuant to the SOW and approved by U.S. EPA. In the event that Settling Defendants fail to take appropriate response action as required by this paragraph and U.S. EPA or the State takes such action instead, [Settling Defendants shall reimburse all costs of the response action not inconsistent with the NCP. Payment of such response costs shall be made in the manner provided in Section XVI hereof.] retain all remedies provided by CERCLA and other applicable laws.

[80] 67. Nothing in the preceding paragraph or in this Consent Decree shall be deemed to limit the response authority of the United States under 42 U.S.C. § 9604.

XXIV. COMMUNITY RELATIONS

[81.] 68. Settling Defendants shall cooperate with U.S. EPA and the State in providing information regarding the progress of remedial design and remedial action at the Facility

to the public.[As requested by U.S. EPA or the State,] Settling Defendants shall be given the opportunity to participate in the preparation of all appropriate information disseminated to the public and in public meetings which may be held or sponsored by U.S. EPA or the State to explain activities at or concerning the Facility.

XXV. RETENTION OF JURISDICTION; MODIFICATION

[82] 69. Retention of Jurisdiction. This Court will retain jurisdiction for the purpose of enabling any of the parties to apply to the Court at any time for such further order, direction, or relief as may be necessary or appropriate for the construction or modification of this consent Decree, or to effectuate or enforce compliance with its terms, or to resolve disputes in accordance with Section XIV hereof.

[83.] 70. Modification. No material modification shall be made to this Consent Decree without written notification to and written approval of the parties and the Court except as provided below or in Section VII (Modification of the Scope of Work; Additional Work). The notification required by this Section shall set forth the nature of and reasons for any requested modification. No oral modification of this Consent Decree shall be effective. Nothing in this paragraph shall be deemed to alter the Court's power to supervise or modify this Consent Decree.

XXVI. EFFECTIVE DATE AND CERTIFICATION OF COMPLETION OF REMEDY

[84.] 71. This Consent Decree shall be effective upon the date of its entry by the Court[, except to the extent provided in para. 13 regarding the commencement of remedial design upon lodging.].

[85. Certification of Completion of Remedial Action.]

72. Termination and Satisfaction. The Settling Defendants' obligations to U.S. EPA and the State under this Consent Order shall terminate and be deemed satisfied upon the Respondents' receipt of written notice from EPA that the Respondents have demonstrated, to the satisfaction of EPA, that all the terms of the Consent Order have been completed. Respondents may petition EPA in writing for a written termination. If EPA does not respond to Respondents request within thirty (30) days after receipt of Respondents' letter, Respondents may invoke Section XIV, Dispute Resolution procedures.

[a. Application. When the Settling Defendants believe that the soil lead cleanup, the consolidation and capping of the Expanded Taracorp Pile, and all other elements of the work to be performed as stated in this Consent Decree and the Scope of Work have been completed and that a demonstration of compliance with Cleanup and Performance Standards has been made in accordance with this Consent Decree, they shall submit to the United States and the State a

Notification of Completion of Remedial Action and a final report which summarizes the work done, any modification made to the SOW or Work Plan(s) thereunder relating to the Cleanup and Performance Standards, and data demonstrating that the Cleanup and Performance Standards have been achieved. The report shall be prepared and certified as true and accurate by a registered professional engineer and the Settling Defendants' Project Coordinator, and shall include appropriate supporting documentation.

b. Certification. Upon receipt of the Notice of Completion of Remedial Action, U.S. EPA shall review the final report and supporting documentation, and the remedial actions taken. U.S. EPA, in consultation with the State, shall issue a Certification of Completion of Remedial Action upon a determination that Settling Defendants have completed the soil lead cleanup and the consolidation and capping of the Taracorp pile in accordance with]

73. Effect of Settlement. By entering into this Consent Order, or by taking any action in accordance with it, the Settling Defendants do not admit any of the findings of fact, conclusions of law, determinations or any of the allegations contained in this Consent Order, nor do Settling Defendants admit liability for any purpose or admit any issues of law or fact or any responsibility for the alleged release or threat of release of any hazardous substance into the environment. The participation of any Settling Defendant in

this Consent Order shall not be admissible against Settling Defendants in any judicial or administrative proceeding, except for an action by EPA or the State to enforce the terms of this Consent Order, or, actions to which U.S. EPA or the State is a party, which allege injury based, in whole or in part, on acts or omissions of [Decree and demonstrated compliance with Cleanup and Performance Standards, and that no further corrective action is required.

c. Post-Certification Obligations. Following Certification,] Settling Defendants [shall continue to monitor air, water, and cap or soil cover quality for a minimum of thirty (30) years, as described in the SOW.] in connection with performance under this Consent Order. However, the terms of this Consent Order and the participation of Settling Defendants shall [take remedial action pursuant to the remedial action contingency plan developed in the event that concentrations of contaminants in ground water or lead in air exceed applicable standards or established action levels.] be admissible in any action brought by any Settling Defendants to enforce any contractual obligations imposed by any agreement among them.

[86. Effect of Settlement. The entry of this Consent Decree shall not be construed to be an acknowledgment by the parties that the]It is the intent of the parties hereto that neither the terms of this Consent Order, including any allegation, finding, conclusion or determination set forth

herein, nor the act of performance hereunder, shall be used against Settling Defendants as a collateral estoppel in any other proceeding with EPA, the State, or with any other governmental agency, or with any other person.

By signing and consenting to this Consent Order or by taking any actions pursuant to this Consent Order, Settling Defendants do not concede that the activities required herein are necessary to protect the public health or welfare or the environment, or for any other reason; that the methodologies or protocols prescribed by applicable EPA guidance or described or noted herein or otherwise required by EPA for performance of work pursuant to this Consent Order are the only ones appropriate for the proper conduct of the activities required herein, or that a release or threatened release [concerned constitutes] of a hazardous waste or substance at or from the Facility, or any disposal of a hazardous waste or substance at the Facility, may present an imminent and substantial endangerment to the public health or welfare or the environment. [Except as provided in the Federal Rules of Evidence, the participation by any party in this decree shall not be considered an admission of liability for any purpose, and the fact of such participation shall not be admissible in any judicial or administrative proceeding (except a proceeding to enforce this decree), as provided in Section 122(d)(1)(B) of

CERCLA] Settling Defendants have agreed to this Consent Order to provide assistance to U.S. EPA and to avoid unnecessary conflict or litigation.

ENTERED this ___ day of _____, 1990.

_____
U.S. District Judge

The parties whose signatures appear below hereby consent to the terms of this Consent Decree. The consent of the United States is subject to the public notice and comment requirements of Section 122(i) of CERCLA and 28 CFR 50.7.

UNITED STATES OF AMERICA

Frederick J. Hess
United States Attorney
Southern District of Illinois

By: _____

Assistant United States Attorney
Southern District of Illinois

By: _____
Richard B. Stewart
Assistant Attorney
General
Environment & Natural
Resources Division
U.S. Department of Justice
Washington, D.C. 20530

Date: _____

By: _____
Valdas V. Adamkus
Regional Administrator
U.S. EPA, Region V

Date: _____

By: _____
Steven Siegel
Assistant Regional Counsel
U.S. EPA, Region V

Date: _____

PEOPLE OF THE STATE OF ILLINOIS
Neil F. Hartigan, Attorney General

By: _____
Shawn W. Denney
First Assistant Attorney General

Date: _____

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

By: _____
Bernard P. Killian
Director of the IEPA

Date: _____

The undersigned Settling Defendant hereby consents to the foregoing Consent Decree in U.S. v. [NL INDUSTRIES] TARACORP, Inc., et al.

_____
NAME OF SETTLING DEFENDANT (Type)

_____

_____

_____
Address

By: _____
Name of Officer (Type)

_____
(Signature of officer)

_____
Title

(Place corporate seal and acknowledgment of authority of officer to sign here)

If different from above, the following is the name and address of this Settling Defendant's agent for service of process:

_____
Name

_____
Address

Prior Notice to all parties shall be provided by Settling Defendant of any change in the identity or address of the Settling Defendant or its agent for service of process.

LIST OF APPENDICES

Appendix 1 - [Record of Decision

Appendix 2 -]Scope of Work